

Report  Junction



**TOWARDS BETTER HEALTHCARE**



# WANBURY LIMITED

( Formerly Pearl Organics Limited ) 16th Annual Report 2003-2004

---

## Board of Directors

Dr S. P. Adarkar	Director
Mr.K Chandran	Director
Mr. K R N Moorthy	Executive Whole-time Director

---

## Registered Office

A-15, M.I.D.C. Industrial Area  
Patalganga, District RAIGAD - 410 220  
Maharashtra

---

## Plants at Tarapur and Patalganga (Maharashtra)

---

## Head Office

Plot No.28, 1<sup>ST</sup> Floor, Kopri Road  
Sector - 19C, Vashi, Navi Mumbai – 400 703.  
Maharashtra

---

## Auditors

Messrs. V.Kannan & Associates,Chartered Accountants, Mumbai

---

## Bankers

Bank of India , Mumbai

---

## Registrars and Transfer Agents

### Regd. Off :

**Sharex Dynamic (India) Pvt. Ltd.,**  
17/B, Dena Bank Building, 2nd Floor  
Horniman Circle, Fort, Mumbai – 400 001.  
Telephones: 22702485 / 22641376 / 22702483  
Fax : 22641349

Email : sharexindia@vsnl.com  
Website : www.sharexindia.com

### Branch Office :

Sharex Dynamic (India) Pvt. Ltd.  
Unit I, Luthra Industrial Premises, Andheri-Kurla Road  
Safed pool, Andheri (E), Mumbai 400072  
Telephones: 28515606, 28515644  
Fax : 28512885

---

## Contents

Director's Report	4
Management Discussion and Analysis Report	8
Report on Corporate Governance	10
Auditor's Report	16
Balance Sheet	20
Profit & Loss Account	21
Schedules	22
Cash Flow Statement	37

## NOTICE

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of the members of Wanbury Limited (Formerly Pearl Organics Ltd) will be held on 18<sup>th</sup> day of November, 2004 at Riverview Hotel, Patalganga, Dist. – Raigad, at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2004 and the Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. K. Chandran who retires by rotation and being eligible offers himself for re-appointment.
3. To Consider and if thought fit with or without modification(s) the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** M/s. Kapoor & Parekh Associates, Chartered Accountants be and are hereby appointed as the auditors of the company to hold office from the conclusion of 16<sup>th</sup> Annual General Meeting till conclusion of the next Annual General Meeting."

**"FURTHER RESOLVED THAT** the Board of Directors be and are hereby authorised to fix remuneration payable to M / s. Kapoor & Parekh Associates.

### Explanatory Statement :

A. Brief profile of Mr. K. Chandran and name of companies in which he is director / committee member is given below.

B. M/s V. Kannan & Associates, auditors and M/s Kapoor & Parekh Associates, branch auditors for erstwhile Wander Pvt. Ltd., retire at the conclusion of the 16<sup>th</sup> Annual General Meeting. M/s V. Kannan & Associates have expressed their inability to offer themselves for reappointment. A notice has been received from shareholder giving his intention to propose the name of M/s Kapoor & Parekh Associates, Chartered Accountants, for appointment as auditors of the company to hold the office from the conclusion of the next Annual General Meeting as mentioned in the resolution.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :  
**"RESOLVED THAT** pursuant to the provisions of Section 146 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of such other authorities as may be necessary in this regard, the Registered Office of the Company be and is hereby shifted from A-15, MIDC Industrial Area, Patalganga, Dist. Raigad within the jurisdiction of the Registrar of Companies, Maharashtra, Mumbai to Plot No. 28, Sector 19-C, Kopri Road, Vashi, Navi Mumbai 400 703 within the jurisdiction of the Registrar of Companies, Maharashtra, Mumbai."

By Order of the Board of Directors  
K.CHANDRAN  
Director

Navi Mumbai, 15<sup>th</sup> October, 2004

### REGISTERED OFFICE:

A-15, M.I.D.C. INDUSTRIAL AREA,  
PATALGANGA, RAIGAD - 410 220.  
MAHARASHTRA.

### Details of the Director seeking re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of Directors	Mr. K. Chandran
Date of Birth	01-01-1958
Date of Appointment	18-12-1990
Qualification/Expertise in Specific Functional areas	B. Sc Graduate with more than 20 years experience in Pharma Industry.
List of Public Companies in which he hold Directorship as on 31 <sup>st</sup> March, 2004	None
Chairman / Member of the Committee of the other Public Companies on which he is a Director as on 31 <sup>st</sup> March, 2004	None

**Notes:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be member. A proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The relative Explanatory Statement pursuant to Section 173 (2) of the Act, with regards to the special business as set out in Item No. 4 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed on 15.11.2004 to 18.11.2004. (both days inclusive).
4. Members are requested to notify not later than 16.11.2004, to the Sharetransfer Agent / Company any change in their address, giving complete address with pincode number.
5. Members, who hold share in dematerialized form, are requested to bring their client – ID and DPID Nos. for easier identification of attendance at the meeting.
6. A member desirous of getting any information on the accounts or operations of the company is requested to forward his/her queries to the company at least seven working days prior to meeting, so that the required information can be made available at the meeting.
7. Members holding shares in physical form are requested to notify immediately any change in their address and Bank Particulars to the Share Transfer Agents or the company and in case their shares are held in dematerialized form, the information should be passed on directly to their respective Depository participants.
8. In all correspondence with the company, members are requested to quote their account/folio numbers and in case their share are held in dematerialized form, they must quote their DPID and Client ID Number.
9. All correspondence relating to Shares should be forwarded to the Registrar & Transfer Agent at the following address:

**Sharex Dynamic (India) Pvt. Ltd.**

Unit I, Luthra Industrial Premises, Andheri-Kurla Road

Safed pool, Andheri (E), Mumbai 400072

Telephones: 28515606, 28515644

Fax : 28512885

**Annexure to Notice****Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 :**

Presently, the Registered Office of the Company is situated in Dist : Raigad within the jurisdiction of the Registrar of Companies, Maharashtra at Mumbai. However, substantial amount of the Company's operations are undertaken from Vashi, Navi Mumbai, as the Head office of the Company is situated at Vashi, Navi Mumbai. In view of the same, majority of the Company's clients and customers are located in Mumbai. Hence, with a view to facilitate better co-ordination, administration and operation and to carry on the Company's business more efficiently and profitably, it is considered that the Registered Office of the Company be shifted from Dist : Raigad, to Dist : Navi Mumbai. This would enable the Company to carry on its business more conveniently, economically and profitably and the proposed shifting of the Registered Office would also enable the Company to have proper administrative control.

In accordance with the provisions of Section 146 of the Companies Act, 1956; approval of shareholders is required for change of registered office outside the local limits of city, town or village where such office is first situated.

Your Directors recommend that the resolution be passed.

No Director of the Company shall be deemed to be concerned or interested in the resolution.

**By Order of the Board of Directors**

**K.CHANDRAN**

Director

Navi Mumbai, 15<sup>th</sup> October, 2004



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 16th Annual Report together with audited Accounts for the year ended 31st March, 2004.

### FINANCIAL RESULTS :

	(Rs. in lakhs)	
	For the year ended 31-03-04	For the year ended 31-03-03
Turnover	5428.89	2430.50
Profit before interest and depreciation	581.38	418.62
Interest	169.93	254.95
Profit before depreciation & Amortisation	411.45	163.67
Depreciation & Amortisation	123.32	61.66
Profit before Tax	288.13	102.01
Provision for Tax	22.00	5.00
Deferred Tax Liability	3.12	0.00
Income Tax of earlier years write back	0.05	0.00
Net Profit after Tax	263.06	97.01
Balance brought forward from previous year	(76.88)	(173.89)
Profit (Loss) carried to Balance Sheet	186.18	(76.88)

### DIVIDEND :

With a view to conserve the resources for future expansion of the business activities of your company, directors do not recommend payment of dividend for the year.

### OPERATIONS :

Your directors are pleased to report improved performance this year. The Sales Turnover (net of Taxes & Duties) of the company for the year is Rs.5428.89 lakh as against Rs.2430.50 lakh in the previous year, registering an increase of 123% over the previous year. The company has earned a profit of Rs. 288.13 lakh before providing for Taxation as against the profit of Rs.102.01 lakh in the previous year, registering a growth of 182% over the previous year.

The growth in sales and margins is partly on account of inclusion of formulations business of Wander Private Limited and also on account of higher exports of the Company's products, especially to regulated markets. Exports for the year have grown by over 50% compared to the previous year. This is an endorsement of the management's direction to foray in the

export markets. The Company had in the past made efforts to upgrade its facilities to comply with stringent FDA standards in US and Europe. From these facilities the Company now sells its products to leading pharmaceutical companies spread across 40 countries including USA, Canada, Germany, UK, and other parts of Western Europe. Going forward, the Company shall be rapidly adding more products to its portfolio and building on its existing trade co-operations.

#### **EXPANSION PROGRAMME:**

The Company has already undertaken plans to expand its existing facilities to accommodate higher need for its products. The Company has invested approx. Rs. 90 lacs in its fixed assets for increasing the production capacity of Metformin at the Patalganga Plant. The Company intends to further augment its capacities for multi-product manufacturing and is considering acquisitions as an alternative to achieve this objective.

As a move towards becoming a larger integrated pharmaceutical company, your Company has diversified into the area of Formulations. During the year under review, M/s. Wander Pvt. Ltd has merged with your Company. The appointed date of merger being 1<sup>st</sup> October, 2003, the financial result of Wander Pvt. Ltd for the period 01.10.2003 to 31.03.2004 have been included in current statements. With this acquisition, your Company gets a sizeable presence in the formulations business across the country. With planned growth through new product introductions, brand extensions and brand acquisitions your Company shall leverage on the existing setup of Wander.

#### **ABSORPTION OF TECHNOLOGY AND RESEARCH & DEVELOPMENT**

Your Company has been making consistent efforts to develop process for new products. Validation batches for both Tramadol Hydrochloride (analgesic) and Promethazine Hydrochloride (antihistaminic) have been completed successfully. Technical dossiers for above products are expected to be filed in the financial year 2004-05. The Company plans to add more products to its portfolio in the area of pain and inflammation management, antihistamines and anti depressants.

#### **DIRECTORS:**

Mr. K. Chandran, Director , retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting of the Company.

#### **AUDITORS :**

M/s. V. Kannan & Associates, auditors and M/s. Kapoor & Parekh Associates, branch auditors of erstwhile Wander Pvt. Ltd., retire at the conclusion of the 16<sup>th</sup> Annual General Meeting. M/s. V. Kannan & Associates have expressed their inability to offer themselves for re-appointment. A notice has been received from a shareholder giving his intention to propose the name of M/s. Kapoor & Parekh Associates, Chartered Accountants, for appointment as the auditors of the company to hold office from conclusion of the 16<sup>th</sup> Annual General Meeting till the conclusion of the next Annual General Meeting.

#### **DISCLOSURE OF PARTICULARS:**

The information required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure "A" which forms part of the Report.

There is no employee falling under the particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

## **CORPORATE GOVERNANCE :**

As required by Clause 49 of the Listing Agreement , a Report on Corporate Governance is appended alongwith Auditor's certificate thereon.

## **DIRECTORS' RESPONSIBILITY STATEMENT :**

- That in the preparation of the Annual Accounts the applicable accounting standards have been followed along with proper explanation relating to material deviations;
- That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the Annual Accounts on a going concern basis .

## **ACKNOWLEDGEMENTS :**

Your Directors place on record their sincere appreciation for the valuable support extended to the Company by Banker, Suppliers, Customers, Shareholders and Employees.

**For and on behalf of the Board of Directors,**

K.CHANDRAN  
Director

K.R.N.MOORTHY  
Executive Wholetime  
Director

Navi Mumbai, 15<sup>th</sup> October, 2004

---

## **ANNEXURE "A" TO DIRECTORS' REPORT**

PARTICULARS PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

### **1. CONSERVATION OF ENERGY**

- a) Reaction time have been reduced significantly through process development activity as a result of which energy consumption per ton of the product has improved.
- b) With the installation of capacitors the power factor continues to show improvement.

**INFORMATION AS PER PRESCRIBED FORM 'A'.**
**Power & Fuel Consumption :**

	<b>Year ended 31-03-2004</b>	<b>Year ended 31-03-2003</b>
<b>1. Electricity</b>		
<b>A) Purchased:</b>		
Units (KWH)	1528030	1401832
Total amount (in Rupees)	55,25,052	53,94,120
Rate / Unit ( in Rupees)	3.62	3.85
<b>B) Own Generation:</b>		
Units (KWH)	18940	20730
Total amount (in Rupees)	60,608	68,409
Rate / Unit ( Oil cost )	3.20	3.30
<b>2. Furnace Oil, LSHS &amp; LDO</b>		
Quantity (K.Litres)	708.804	621.829
Total amount (in Rupees)	1,60,84,044	1,14,25,887
Average amount (in Rupees per K.Litres)	22692	18375

Note: Details relating to consumption per unit of production have not been given as the product mix has undergone a change.

**2. ABSORPTION OF TECHNOLOGY AND RESEARCH & DEVELOPMENT :**

The Company has been making constant and continuous efforts to develop processes for new products and commercialise the same. Validation batches for both Tramadol Hydrochloride (analgesic) and Promethazine Hydrochloride (antihistaminic) have been completed successfully. Technical dossiers for above products are expected to be filed in the financial year 2004-05.

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

	<b>Year ended 31-03-2004</b>	<b>Year ended 31-03-2003</b>
	<b>(Rs. in lakhs)</b>	
<b>Income:</b>		
Foreign Exchange earned by the Company :		
F.O.B value of Exports	2255.36	1503.74
<b>Expenditure:</b>		
C.I.F value of Imports	579.76	284.71

**For and on behalf of the Board of Directors,**  
**K.CHANDRAN**      **K.R.N.MOORTHY**  
 Director              Executive Wholtime  
    Director

Navi Mumbai, 15<sup>th</sup> October, 2004



## Management Discussion and Analysis Report

Your Company is now an integrated pharmaceutical company engaged in business of APIs as well as finished dosages. After the merger of Wander Private Limited, Wanbury's integrated business model now allows it to address several markets and revenue opportunities in parallel and mitigate risks in its overall performance. Success in a highly competitive global environment will be derived from your Company's understanding of the diverse business risks and addressing these by creation of a de-risked business model. The business model of the Company now comprises:

### Manufacture and Sale of APIs

- Sales predominantly in export markets with emphasis on the regulated markets.

### Sale of Formulations

- Sales of prescription formulations in domestic market across the country with emphasis on creating value through brand building.

As the product patent regime becomes imminent, the Indian Pharmaceutical industry is globalizing to sustain growth expectations. Globalisation is taking place not only in sale of finished products but also in sourcing inputs as the global industry becomes more and more competitive. Developed markets are offering a never before opportunity as a large number of molecules go off patent in these markets. The size of these markets are manifold that of India. Whilst this offers a great opportunity to Indian companies. India in turn offers a great opportunity to global players to set up their base or enter into co-operations for continuing their market advantage.

Your Company already has a presence in over 40 countries and aspires to enhance this global presence in both APIs and Formulations. The present focus, especially with regard to APIs is on generics. Your Company is developing a number of products and over 5 products are slated for filing with USFDA in FY 2004 - 2005. The Company is also enhancing its existing capacities to cater to these increased levels of demand.

Your Company is leveraging on its existing relationships with major pharmaceutical companies to export multiple products, especially to regulated markets. These markets have strong entry barriers and hence augur well for the sustainability of business in the long run. These markets not only offer opportunity to increasing revenue but also enhance margins.

Besides our own products, with planned additions to our facilities, the Company shall be embarking on co-operations for custom synthesis with global majors. This is a sunrise opportunity for India Pharmaceutical manufactures given India's inherent cost advantages and technical know-how. Global players are looking for a winning alliance with Indian players. They need to replace their pipeline of patented products or inputs for these products as they get off-patent. A number of generic companies are also entering into co-operations for developing a portfolio of off-patent products. They need potential partners in area of formulations, bulk drugs and contract research. Your Company with its quality production capabilities is building up its research base and shall be well positioned to get a clutch of these co-operations over the next few months.

The Indian pharmaceutical market size is approximately Rs. 22,000 crore. This still is less than 2% of the global pharmaceutical market. With year 2005 around the corner, the Indian industry gears up to a product patent regime. In anticipation, the competition has intensified. Growth to a number of companies is coming only from new product introductions. However, brands have resisted price declines. Your Company has focused on brands and this philosophy continues to pay off. The Company continues to grow its branded formulation presence in domestic markets. The Indian advantage is not limited to manufacturing along. A host of products launched globally are not yet available to the Indian Customers. Your Company is actively working towards leveraging on its all India presence and charged work force by

tying up with majors for in-licensing products. Your company is also contemplating spreading the business in new markets over the next few years. The Company is considering inorganic route to grow this business.

### **CAPACITY UTILISATION**

The Company has utilized its optimum capacity during the year 2003-04. It has now planned to increase the capacity of Metformin plant and planned for multi-product plant in the existing plant at Patalganga.

### **ENVIRONMENT RISK**

The Company has its own Effluent Treatment Plant for proper treatment of the effluent generated from the Chemical process of the Company. The Plant is being upgraded periodically to conform with the environment norms.

### **HUMAN RESOURCES/INDUSTRIAL RELATIONS**

The Company's human resource strategies and training & development programmes are designed to ensure that they integrate with and support the Corporate business strategies of the Company. The relationship with the employees are very cordial.

### **OUTLOOK**

The Company has a vision to become a Global Pharmaceutical Company with presence in both Formulation and API business.

**Caution :** Statements in the Management Discussion and Analysis Report describing the Company's objectives, vision and road map for the Company's growth going forward are forward looking statements and progressive within the meaning of applicable Security Law and Regulations. Actual results and actions of the of the Company may vary depending on opportunities, circumstances, economic conditions, government policies and other incidental factors.